

TESTIMONY OF THE AMERICAN COUNCIL OF LIFE INSURERS

Before the House Industry, Business and Labor Committee

March 9, 2021

Senate Bill 2075 – An Act Relating to Insurance Data and Security

Chairman Lefor and members of the House Industry, Business and Labor Committee, I am writing on behalf of the American Council of Life Insurers (ACLI) to express our support for the Senate-passed amendments to Senate Bill 2075.

ACLI is the leading trade association driving public policy and advocacy on behalf of the life insurance industry and its consumers. Ninety million American families rely on the life insurance industry for financial protection and retirement security. ACLI members have robust data security programs and processes in place to protect the security of their customers' personal information and the systems on which the information is stored.

Our Position

ACLI supports the Senate-passed amendments to SB 2075, as they reflect substantial improvements to the NAIC Insurance Data Security Model Law on which the bill is based. Specifically, these amendments establish standards that (1) are flexible enough to reflect the risk profile of individual insurers; (2) are the exclusive standards to which insurers must comply (page 3, lines 24-27); and (3) require insurers to give notice to the Commissioner and consumers only when the cybersecurity event is reasonably likely to cause material harm (page 9, lines 4-20). We appreciate Commissioner Godfread's willingness to work with multiple stakeholders to make these amendments workable for insurers doing business in the Peace Garden state.

Background

ACLI's Board of Directors has approved the following principles relating to data security laws expressly applicable to life insurance companies and other insurance licensees:

- Data security standards should be uniform from state to state and constitute the exclusive security standards in any individual state to the greatest extent possible. This will ensure level consumer protection across the country and avoid subjecting companies and other insurance licensees to different and conflicting standards in different states or any individual state.
- Data security standards should not be prescriptive. Instead, such standards should be flexible, risk-based and subject to the risk assessment of each company or other insurance licensee based on its particular risk profile. This will enable companies and other insurance licensees

to effectively protect the security of their customers' personal information and the systems on which the information is stored.

- Any requirements to notify state insurance commissioners or other government agencies of data security or cybersecurity events should apply only to events reasonably likely to cause material harm to a company or other insurance licensee or to consumers whose sensitive personal information is reasonably believed to have been involved in the event. To the extent possible, these requirements should not conflict with consumer notification requirements that may be imposed under other laws.

Chairman Lefor and members of the Committee, I appreciate the opportunity you have given us to provide our comments on Senate Bill 2075 and stand ready to answer any questions you may have.

Respectfully submitted,

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